

Fiscal Services Division

Legislative Services Agency

Fiscal Note

SF 357 - Child Support Modification Due to Residence (LSB 1280 SV)

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Fiscal Note Version - New

Description

Senate File 357 expands the circumstances under which parties may request administrative modification of child support orders. It also changes the documentation requirements from “verified documentation” to “supporting documentation.”

Background

Under current law, an administrative modification may be requested only in the case of a “substantial change in circumstances.” This is defined as a change of 50.0% or more in the income of a parent, which has existed for a minimum of three months and is expected to continue for an additional three months.

Senate File 357 broadens the definition by stating that a substantial change in circumstances “includes but is not limited to” the following:

- A 50.0% change in income, as specified in current law.
- The child moves to reside with the parent currently required to pay support and this change is expected to last at least six months.
- The parent to whom support is paid is incarcerated or dies.

Assumptions

There are currently 112,000 court orders for minor children which could be eligible for administrative modification. The Bill expands the circumstances under which an administrative modification may be requested. It specifically expands the definition to include the change in the residence of the child and the other circumstances listed in the bullets above.

However, the language also expands beyond the circumstances listed by stating that the definition “includes but is not limited to” those items specified in the Bill. This expands the definition to an unknown number of circumstances that would likely need to be defined by the Child Support Recovery Unit by rule. What additional circumstances may be included in that definition is unknown at this time.

It is unknown how many administrative modifications may be requested under the expanded definition in the Bill. Due to this uncertainty, a range is included. It is assumed that between 5.0% and 10.0% of the court orders for minor children will request an administrative modification under the new definition. This results in 5,600 to 11,000 requests for administrative modification in FY 2006.

The Child Support Recovery Unit already provides administrative modifications for children receiving Family Investment Program assistance or Medicaid benefits. This is assumed to be approximately 13.5% of those requesting modifications. Since this function is already performed for this population, this reduces the number requesting modification to 4,900 to 9,800 in FY 2006.

It is assumed that one Child Support Recovery Unit FTE position handles 228.6 cases per year. This results in an increase of 21.5 to 43.0 FTE positions in FY 2006. Each FTE position is assumed to have a cost of \$55,000 per year for salaries, benefits, and support costs. The State match rate is 33.24%. This results in an estimated State cost of \$393,000 to \$786,000 for FY 2006.

The number of administrative modifications is estimated to increase in FY 2007 as it becomes more well known. It is assumed that 10.0% to 15.0% of total court orders for minor children (9,800 to 15,000) will request an administrative modification. Using the same assumptions as above, this results in an estimated State cost of \$787,000 to \$1.2 million and 43.0 to 64.5 FTE positions in FY 2007.

Fiscal Impact

The estimated fiscal impact of SF 357 is an increase of between \$393,000 and \$786,000 in State funds and 21.5 to 43.0 FTE positions for FY 2006. The estimated fiscal impact for FY 2007 is an increase of between \$787,000 and \$1.2 million in State funds and 43.0 to 64.5 FTE positions.

Source

Department of Human Services

/s/ Holly M. Lyons

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The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.
